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**UNITED STATES DISTRICT COURT FOR THE DISTRICT OF UTAH**  
**CENTRAL DIVISION**

<p>SECURITIES AND EXCHANGE COMMISSION,</p> <p style="text-align: center;">Plaintiff,</p> <p style="text-align: center;">v.</p> <p>NATIONAL NOTE OF UTAH, LC, a Utah Limited Liability Company and WAYNE LaMAR PALMER, and individual,</p> <p style="text-align: center;">Defendants.</p>	<p><b>TWENTY-THIRD STATUS REPORT OF R. WAYNE KLEIN, RECEIVER</b> <i>For the Quarter Ending March 31, 2018</i></p> <p style="text-align: center;">2:12-cv-00591 BSJ</p> <p style="text-align: center;">The Honorable Bruce S. Jenkins</p>
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R. Wayne Klein, the Court-Appointed Receiver (the “Receiver”) of National Note of Utah, LC (“National Note”), as well as certain subsidiaries and entities affiliated with National Note and the assets of Wayne LaMar Palmer (“Palmer”), hereby submits this Twenty-Third Status Report for the period January 1, 2018 through March 31, 2018 (the “Reporting Period”). Several developments in early April are also discussed in this report.

**I.**

**PROCEDURAL HISTORY**

This action (the “Civil Case”) was commenced by the United States Securities and

Exchange Commission (the “SEC”) on June 25, 2012, against Defendants Palmer and National Note by the filing of a Complaint in the United States District Court for the District of Utah (the “Court”).<sup>1</sup> The Court held a trial on November 2, 2015 and on November 30, 2015 entered judgment against Palmer and National Note.<sup>2</sup>

On August 19, 2015, a grand jury indicted Palmer and his cousin, Julieann Palmer Martin. On February 5, 2017, both pleaded guilty. Palmer pleaded guilty to two felony counts: a scheme and artifice to defraud and money laundering. Ms. Martin pleaded guilty to one felony count of concealing fraud by another. On February 26, 2018, the Court rejected the plea agreements and set a firm trial date, with the three-week trial beginning September 14, 2018. Ms. Martin subsequently reaffirmed her plea agreement and sentencing on her plea is set for May 11, 2018 at 2:30 p.m.

## II.

### REAL ESTATE TRANSACTIONS

Attached hereto as Exhibit A is a chart setting forth the status of all real properties in the Receivership Estate as of March 31, 2018. At the beginning of the Reporting Period, four primary properties remained in the Receivership Estate: 39 lots located in the “Elkhorn Ridge” subdivision in Malad, Idaho; the “Deer Meadows” property located near Duchesne, Utah; one industrial lot located in the “Byron Industrial Park” in Minnesota; and the “Overland Trails”

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<sup>1</sup> Docket No. 1.

<sup>2</sup> Docket No. 1043.

property located in Eagle Mountain, Utah. Progress was made in the sale of two of these properties during the Reporting Period.

A. **Real Property Sales Closed During the Reporting Period.** The Receiver's request to sell another one of the lots in the Elkhorn Ridge subdivision near Malad, Idaho was approved by the Court<sup>3</sup> and the sale closed on January 29, 2018. The Receivership Estate received \$22,178.62 in net sales proceeds from this sale.

B. **Property Transactions Awaiting Closing.** During the Reporting Period, the following sales were approved by the Court and the sales closed shortly after the end of the Reporting Period:

1. **Elkhorn Lot #22.** On March 22, 2018, the Court entered an *Order* approving the sale of Lot #22 in the Elkhorn Ridge subdivision for \$22,000.00.<sup>4</sup> This sale closed on April 2, 2018, shortly after the end of the Reporting Period, and yielded \$19,322.15 in net sales proceeds.

2. **Byron Industrial Park.** On March 5, 2018, the Court entered an *Order* approving the sale of the final lot in the Byron Industrial Park.<sup>5</sup> The sale was a complex transaction in which the City of Byron received title to the property and granted an easement on part of the property to Dodge County Wind, an electric utility company. To facilitate this sale, the City waived certain unpaid assessments that were secured by a lien against the property. Dodge County Wind paid the City \$152,186.85 in property taxes and paid the Receivership

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<sup>3</sup> Docket No. 1341.

<sup>4</sup> Docket No. 1364.

<sup>5</sup> Docket No 1361.

Estate \$10,000.00 in release of claims. From this amount, the Receivership Estate will pay \$1,000.00 to the broker who had marketed the property. The sale closed on April 16, 2018, and the funds, less \$1,000.00 paid to the real estate agent, are on deposit in the Receivership Estate's Operating Account.

C. **Other Property Sale Related Information.** As reported in the Receiver's last Status Report,<sup>6</sup> a sale of the remaining property associated with the Expressway Business Park closed in December 2017. In January 2018, the title company that handled the closing notified the Receiver that it failed to identify and pay \$122,508.96 in property taxes related to this property. After negotiation, the title company recognized that it had erred and agreed to contribute \$8,000.00 toward the unpaid property taxes. Accordingly, the Receiver returned \$114,508.96 of net sales proceeds that should have been paid in property taxes at the property closing. Thus, while the Receiver reported that \$471,921.51 in net sale proceeds from this sale, the amount is now \$357,412.55.

### III.

#### **STATUS OF REAL ESTATE INTERESTS**

A. **Assignments of Beneficial Interest ("ABIs").** As noted in prior Status Reports, all but three of the 349 ABIs issued by National Note to investors were voluntarily released or resolved. This Court ruled that the remaining three ABIs are invalid,<sup>7</sup> but the holders of those

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<sup>6</sup> Docket No. 1343, at 6.

<sup>7</sup> *Klein v. Adams*, Civil No. 2:14-CV00614, Docket No. 525 (Memorandum Decision entered Oct. 25, 2016); Docket No. 526 (Judgment entered Nov. 14, 2016).

ABIs filed an appeal of the Court's Judgment on December 22, 2016 in the United States Court of Appeals for the Tenth Circuit (the "ABI Appeal").<sup>8</sup> The matter was referred to mediation, but efforts by the Tenth Circuit mediator failed to produce a settlement.

On October 30, 2017, the Tenth Circuit requested supplemental briefing on whether the ABI Appeal was filed timely, whether the pending sale of certain property made the appeal moot, and the effect on the ABI Appeal of one of the Appellant's allowed proofs of claim. Supplemental briefs were filed with the Tenth Circuit by both parties, and the Appellants filed a motion in this Court entitled "FRCP Rule 60 Motion to Correct Docketing Error" (the "Rule 60 Motion").<sup>9</sup> The Receiver filed a Response to the Rule 60 Motion.<sup>10</sup>

After oral argument on November 15, 2017, the Tenth Circuit partially remanded the ABI Appeal to this Court for the purposes of a ruling on the Rule 60 Motion. The Court held an evidentiary hearing on November 28, 2017, and issued Factual Findings on January 23, 2018 denying the Rule 60 Motion.<sup>11</sup>

On April 3, 2018, after additional supplemental briefing filed at the request of the Then Circuit during the Reporting Period, the Tenth Circuit issued an *Order* dismissing the appeal for lack of appellate jurisdiction, and the mandate has now issued. Accordingly, the ABI Appeal is now finally resolved, and the ABIs in question are now deemed invalid. As a result, the Receiver has transferred funds that were being held in the Receivership Estate's Real Estate

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<sup>8</sup> Case No. 16-4215 (10<sup>th</sup> Cir.).

<sup>9</sup> *Adams*, Docket No. 539.

<sup>10</sup> *Id.*, Docket No. 540.

<sup>11</sup> Docket No. 560.

Account to the Operating Account.

B. **Deeds of Trust.** Of the thirteen properties on which deeds of trust had been recorded at the time of the Receiver's appointment, at the close of the Reporting Period all deeds of trust have been satisfied or released except six against Overland Trails in Eagle Mountain, Utah, which purport to secure a total of \$252,136.91 in debt. The Receiver does not believe that all these deeds of trust are valid, and he is attempting to settle with the holders of disputed and undisputed interests.

As reported in the Receiver's last Status Report,<sup>12</sup> a sale of the remaining property associated with the Expressway Business Park closed in December 2017. At the time of closing, two of the three remaining ABIs discussed above and two disputed trust deeds encumbered the net sale proceeds. Since that time, the ABIs have been finally determined to be invalid, and the two disputed trust deeds held by Evolution Holdings and Jeff Sessions have each been consensually released in exchange for total payments of \$1,500.00.

#### IV.

#### **LITIGATION/SETTLEMENTS/COLLECTIONS**

The following occurred during the Reporting Period with regard to recovery efforts:

A. **Wilton Battles Judgment.** After paying the Receivership Estate \$4,700.00 under the terms of a 2013 Court-approved settlement agreement, Mr. Battles defaulted on his payment obligations. At the request of the Receiver, a confession of judgment was entered on May 5, 2017 in the total amount of \$24,876.82, and based thereon, the Receiver recorded an interest

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<sup>12</sup> Docket No. 1343, at 6.

against property owned by Mr. Battles in Illinois. This is the same property that National Note had previously recorded a lien. On October 2, 2017, the Receiver was served with a summons and complaint by a lender seeking to foreclose its interest in the same property. On January 10, 2018, the Receiver reached an agreement with the foreclosing lender under which the lender paid the Receivership Estate \$4,000.00 for the release of the Receivership Estate's junior liens.

**B. Collection Efforts on Judgments.** The Receiver has pursued collection of 32 judgments and unpaid settlements that he previously obtained on behalf of the Receivership Estate. For each of the judgments, the Receiver investigated the collectability of the judgments, including in many cases (where the amount of the judgment warranted), the employment of a private investigation firm to research the assets that might be available to satisfy the judgments. Seven of the defendants in these judgments have settled with the Receiver and paid the amounts of the settlements.

For another 16 judgments, the Receiver previously determined, based on the results of his investigation, that it would be most beneficial to the Receivership Estate to abandon collection efforts on judgments that would likely be uncollectable due to, among other things, bankruptcy discharge or lack of assets held by the judgment debtor.

At the beginning of the Reporting Period, there were nine judgments being actively pursued for collection. During the Reporting Period, the Receiver abandoned further efforts to collect on the judgment against Winston Battles (discussed above) and one other judgment where it was learned that the judgment debtor had been discharged in bankruptcy. For the remaining seven judgments, a collection law firm is attempting to obtain a return on three judgments against out-of-state defendants on a contingency basis, and Nevada counsel is attempting to

collect on a judgment against a Nevada resident. The remaining three judgments are against Utah residents and collection is being pursued by Dorsey & Whitney.

V.

**INITIAL DISTRIBUTION**

On November 14, 2016, the Receiver distributed \$4.49 million to the holders of “Allowed Claimants” who were entitled to a distribution under the *Plan of Distribution* that was approved by the Court.<sup>13</sup> All distribution payments related to the initial distribution have now cleared. Because the issues relating to the validity of the ABI now have been resolved, the Receiver expects to request permission from the Court to make a second distribution to claimants.

VI.

**FINANCIAL ANALYSIS**

A. **Receivership Financial Information.** The following financial information is provided for the Reporting Period:

1. **Bank Accounts.** The Receiver maintains two bank accounts for the operation of the Receivership Estate: a general operating account (the “Operating Account”) and an account holding the net proceeds of real estate sales to which disputed interests have attached

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<sup>13</sup> The Receiver is holding an additional \$420,960.85 in proposed distributions pending resolution of the ABI Appeal. *See Order Granting Receiver’s Motion for Approval of (1) Proposed Distribution Methodology and Plan of Distribution, and (2) Proposed Initial Distribution as Modified*, Docket No. 1231.



(the “Real Estate Account”).<sup>14</sup> The balances in these accounts as of the close of the Reporting Period are as follows:

<b>Account</b>	<b>Account Balance</b>
Operating Account	\$992,457.32
Real Estate Account	\$1,329,032.21
<b>TOTAL</b>	<b>\$2,321,489.53</b>

2. Operating Account Deposits. The sources of funds deposited into the Operating Account during the Reporting Period are shown in the following table:

<b>Source</b>	<b>Amount In</b>
Settlement agreement proceeds	\$30,466.00
Sales of real estate	\$22,178.62
Bank interest	\$127.17
<b>TOTAL</b>	<b>\$52,771.79</b>

3. Operating Account Expenditures. The following table shows the categories of operating expenses that have been paid from the Operating Account during the Reporting Period:

<b>Type of Expense</b>	<b>Amount Out</b>
Real estate title reports, notices, liens	\$2,298.52
Legal fees for collection counsel	\$0.00
Other operating expenses	\$0.00
<b>TOTAL</b>	<b>\$2,298.52</b>

4. Real Estate Account Deposits and Withdrawals. The Real Estate Account

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<sup>14</sup> Pursuant to the Court’s *Order Approving the Receiver’s Third Interim Fee Application for Receiver and Receiver’s Professionals for Services Rendered from July 1, 2013 through December 31, 2013*, Docket No. 828, the Receiver has established a separate Savings Account tied to the Operating Account in which he is holding 20% of the professional fees incurred by him and his counsel related to that fee application. Money to open this Savings Account was transferred from the Operating Account. This Savings Account has a current balance of \$122,986.51 and is in addition to the amounts reported below.

had the following transactions:

Transaction Type, Amount	Amount Out
Earnest money deposit	\$10,000.00
Property taxes (Expressway sale)	(\$114,508.96)
Wire transfer fees	(\$60.00)
Interest earned	\$191.03
<b>TOTAL</b>	<b>\$(104,377.93)</b>

5. SFAR. Attached as Exhibit B is a copy of the Standardized Fund Accounting Report for the Reporting Period

6. Administrative Expenses. On January 16, 2018, the Court approved the *Thirteenth Interim Fee Application* for the Receiver and his counsel, covering the period from July 1, 2017 to September 30, 2017. Those fees and costs, in the amount of \$9,895.00 to the Receiver and \$13,237.50 to Dorsey & Whitney were paid on January 17, 2018.<sup>15</sup> On February 23, 2018, the Receiver filed the *Fourteenth Interim Fee Application* for the Receiver and his counsel, covering the period from October 1, 2017 to December 31, 2017.<sup>16</sup> The Court has set a hearing on April 30 to consider this fee application.

For the current Reporting Period, the Receiver and his staff have spent a total of 59.1 hours on behalf of the Receivership Estate. Billable services provided by the Receiver during the Reporting Period total \$11,542.50. For the current Reporting Period, Dorsey's total fees, less voluntary reductions, are in the total amount of \$21,528.75 and its out of pocket expenses total \$195.84.

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<sup>15</sup> Docket No. 1342.

<sup>16</sup> Docket No. 1360.

VII.

NEXT STEPS

The Receiver anticipates addressing the following priorities in the coming months:

1. Property Sales. The Receiver will continue his efforts to sell the three remaining real estate properties held by the Receivership Estate. He is considering a potential abandonment of Overland Trails, and public auctions of Deer Meadows and the 37 unsold Elkhorn Ridge lots.
2. Litigation, Settlements, and Appeal. With the dismissal of the ABI Appeal discussed above, the only litigation actions still pending are those being taken to execute on judgments that have been obtained, and efforts to enforce settlement agreements previously approved by the Court.

VIII.

CONCLUSION

With dismissal of the ABI Appeal, the Receiver expects to seek Court approval to make a second distribution to those holding allowed claims, in accordance with the *Plan of Distribution*. As noted above, the Receiver may determine to abandon or sell at auction the remaining real property. Progress is being made on collection efforts related to judgments and defaulted settlement agreements. The Receiver will continue his efforts to close the Receivership Estate as efficiently and quickly as possible.

DATED this 3<sup>rd</sup> day of May, 2018.

  
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WAYNE KLEIN, Receiver

**CERTIFICATE OF SERVICE**

IT IS HEREBY CERTIFIED that service of the above **TWENTY-THRID STATUS REPORT OF R. WAYNE KLEIN, RECEIVER** was filed with the Court on this 3rd day of May, 2018, and served via ECF on all parties who have requested notice in this case.

/s/ Candy Long\_\_\_\_\_

# EXHIBIT A

**REAL PROPERTIES--STATUS**

As of 4/16/18. Investigation Ongoing. All Information Subject to Change.

The numbers in the first column correspond with numbers of these properties as described in the Receiver's First Status Report.

	Property Name	Location	Listing Price	Sales Price	Net Sale Proceeds	Status
<b>PROPERTIES CURRENTLY IN RECEIVERSHIP ESTATE</b>						
3	Elkhorn Ridge Estates-39 Building Lots	Malad, ID	Various			
	Lot #25			25,200	22,178.62	Sale approved [Docket No. 1341]. Sale closed 1/29/18
	Lot #22			22,000	19,322.15	Sale approved [Docket No. 1364]. Sale closed 4/2/18
10	Deer Meadows	Duchesne Co., UT	54,000			New listing broker hired, new appraisal obtained.
20	Overland Trails	Eagle Mtn., UT	340,000			Appraisal obtained; being marketed; numerous trust deed liens
29	Bear Grove Industrial Park-Block 1, Lot 4	Byron, MN	285,000	288,520	10,000.00	Sale approved [Docket No. 1361]. Sale closed 4/16/18.
<b>PROPERTIES SOLD OR RELEASED</b>						
	Property Name	Location	Listing Price	Sales Price	Net Sale Proceeds	Status
1	River Run/Riverbend Subdivision-Land	Middleton, ID	N.A.	N.A.	N.A.	No equity. Court approved release of property to lender [Dkt. No. 590]
2	Single family home: 1st Avenue	Middleton, ID	115,000	105,000	102,461.72	Sale approved [Docket No. 734]. Sale closed 10/15/14
	Single family home: Hawthorne Ave.	Middleton, ID	80,000	76,000	69,569.48	Sale approved [Docket No. 804]. Sale closed 11/17/14
3	Elkhorn Ridge Estates-47 Building Lots	Malad, ID				Lots sold to date are:
	Lot #1		135,000	155,000	142,834.78	Sale approved [Docket No. 419] Sale closed 8/29/13
	Lot #2		35,000	31,500	27,725.00	Sale approved [Docket No. 492] Sale closed 12/6/13
	Lot #3		35,000	22,000	19,344.67	Sale approved [Docket No. 1261]. Sale closed 1/31/17
	Lot #4		35,000	35,000	30,893.21	Sale approved [Docket No. 231] Sale closed 4/26/13
	Lot #5		80,000	80,000	71,803.14	Sale approved [Docket No. 231] Sale closed 4/8/13
	Lots #6 & 7		70,000	44,000	39,483.79	Sale approved [Docket No. 1295]. Sale closed 6/9/17
	Lot #48		80,000	80,000	73,620.84	Sale approved [Docket No. 231] Sale closed 4/9/13
4	Elkhorn Ridge-4 Undeveloped Parcels	Malad, ID	250,000	240,000	226,369.05	Sale approved [Docket No. 1173]. Sale closed 9/9/16
5	Manhattan Grille Condominium	Manhattan, MT	49,000	51,000	45,933.32	Sale approved [Docket No. 300] Sale closed 6/5/13
6	Twin Pines Apartments	Brigham City, UT	N.A.		172,020.02	Sale approved [Docket No. 736]. Sale closed 9/14/14
7	Ogden Office Building (49% ownership)	Ogden, UT	699,000	600,000	241,836.07	Sale approved via auction [Docket No. 1042]. Sale closed 1/6/16
8	Summit Park Lot	Summit Park, UT	40,000	37,500	32,477.61	Sale approved [Docket No. 135] Sale closed 1/24/13
9	Bandanna Cabin	Fruitland, UT	260,000	260,000	226,374.07	Sale at auction approved [Docket No. 341] Sale closed 10/24/13
11	Outpost/Indian Canyon	Duchesne Co., UT	N.A.	148,222.56	134,068.12	Sale approved [Docket No. 269] Sale closed 8/21/13
12	East Meadows Mobile Home Park	Vernal, UT	N.A.	1,025,000	979,620.29	Sale approved [Docket No. 292] Sale closed 7/29/13
13	Quail Hollow Apartments	Vernal, UT	N.A.	N.A.	N.A.	Determined not owned by Receivership Estate
14	Residential Building Lots at 900 West	Salt Lake City, UT	N.A.	70,000	65,295.00	Sale approved [Docket No. 263] Sale closed 5/8/13
15	Cottonwood Road Property-4 acres	Salt Lake City, UT	N.A.	N.A.	N.A.	No equity; court approved release of property to lender [Dkt. No. 179]
15	Cottonwood Road Property-1 acre	Salt Lake City, UT	N.A.	291,000	279,189.07	Sale at auction approved [Docket No. 495] Sale closed 11/8/13
16	National Note Office Building	West Jordan, UT	285,000	285,000	55,903.09	Sale approved [Docket No. 161] Sale closed 3/19/13
17	Palmer Residence	West Jordan, UT	N.A.	N.A.	N.A.	No equity. Court approved abandonment of property [Dkt. No. 869]
18	Star Pointe Development	Salt Lake City, UT	N.A.	N.A.	70,000.00	Court approved settlement agreement with lender [Docket No. 608]
19	Autumn Ridge Subdivision-Phase I	Eagle Mtn., UT				
	Phase I-Lot #2		37,000	39,900	35,635.21	Sale approved [Docket No. 692]. Sale closed 7/8/14
	Phase I-Lot #3		37,000	39,900	35,711.84	Sale approved [Docket no. 644] Sale closed 5/1/14
	Phase I-Lot #4		37,000	37,000	30,821.91	Sale approved to builders [Docket No. 293] Sale closed 6/3/13
	Phase I-Lot #6		37,000	37,000	31,355.85	Sale approved to builders [Docket No. 293] Sale closed 10/31/13

	Phase I-Lot #7		37,000	37,000	31,355.85	Sale approved to builders [Docket No. 293] Sale closed 10/31/13
	Phase I-Lot #8		37,000	37,000	31,554.15	Sale approved to builders [Docket No. 293] Sale closed 5/31/13
	Phase I-Lot #11		37,000	37,000	31,355.85	Sale approved to builders [Docket No. 293] Sale closed 10/31/13
	Phase I-Lot #16		37,000	39,900	35,903.39	Sale approved [Docket No. 696]. Sale closed 7/18/14
	Phase I-Lot #21		37,000	37,000	31,355.85	Sale approved to builders [Docket No. 293] Sale closed 10/31/13
	Phase I-Lot #30		37,000	37,000	31,355.85	Sale approved to builders [Docket No. 293] Sale closed 10/31/13
	Phase I-Lot #33		37,000	37,000	30,775.92	Sale approved to builders [Docket No. 293] Sale closed 10/31/13
	Phase I-Lot #39		37,000	39,900	35,903.39	Sale approved [Docket No. 696]. Sale closed 7/18/14
	Phase I-Lot #40		37,000	37,000	30,911.96	Sale approved to builders [Docket No. 293] Sale closed 9/25/13
	Phase I-Lot #41		37,000	37,000	30,857.73	Sale approved to builders [Docket No. 293] Sale closed 8/14/13
	Phase I-Lot #51		37,000	37,000	31,355.85	Sale approved to builders [Docket No. 293] Sale closed 10/31/13
	Phase I-Lot #52		37,000	37,000	31,355.85	Sale approved to builders [Docket No. 293] Sale closed 10/31/13
	Phase I-Lot #54		37,000	37,000	31,554.16	Sale approved to builders [Docket No. 293] Sale closed 5/31/13
	Phase I-Lot #55		37,000	37,000	31,355.85	Sale approved to builders [Docket No. 293] Sale closed 10/31/13
	Phase I-Lot #60		37,000	37,000	31,355.89	Sale approved to builders [Docket No. 293] Sale closed 10/31/13
	Phase II-62 Building Lots		N.A.	538,000	446,610.24	Sale approved [Docket No. 460] Sale closed 10/1/13
21	Cedar Fort Land (Fairfield)-8 acres	Fairfield, UT	24,000	25,000	22,274.21	Sale at auction approved [Docket No. 458] Sale closed 11/14/13
21	Cedar Fort Land (Fairfield)-85 Acres	Fairfield, UT	255,000	213,925	242,656.49	Sale approved [Docket No. 1186]. Sale closed 8/12/16
22	Expressway Business Park	Spanish Fork, UT				
	Unit #109		N.A.	N.A.	N.A.	No equity; Court approved release to lender [Docket No. 241]
	Unit #305		65,000	69,000	55,840.79	Court approved sale at auction [Docket No. 270] Sale closed 6/27/13
	Unit #204		N.A.	N.A.	N.A.	No equity; Court approved release to lender [Docket No. 364]
	Unit #215		N.A.	127,500	112,965.27	Sale approved at auction [Docket No. 393] Sale closed 10/30/13
23	Expressway Business Park-Land	Spanish Fork, UT	1,250,000	775,000	357,412.55	Sale at auction approved [Docket No. 1320]. Sale closed 12/22/17
24	Gooseberry Cabin	Fairview, UT	N.A.	N.A.	N.A.	No equity; Court approved release to lender [Docket No. 125]
25	Almond Heights-21 Building Lots	Toquerville, UT	842,000			
	Lot #A-2		159,750	148,200	118,730.60	Sale Approved [Docket No. 1099] Sale closed 3/22/16
	Lot #C-2		34,200	30,780	24,136.91	Sale Approved [Docket No. 1075] Sale closed 3/1/16
	Lot #F		32,300	31,000	24,733.41	Sale approved [Docket No. 988] Sale closed 8/24/15
	Lot #F-3		35,150	31,635	24,887.93	Sale Approved [Docket No. 1075] Sale closed 3/1/16
	Lot #7		38,000	32,000	29,388.95	Sale approved [Docket No. 829]. Sale closed 12/18/14
	Lot #10		38,950	36,000	30,552.54	Sale approved [Docket No. 906]. Sale closed 3/31/15
	Lot #11		37,050	32,000	6,788.12	Sale approved [Docket No. 829]. Sale closed 12/16/14
	Lot #12		38,000	32,000	6,787.90	Sale approved [Docket No. 829]. Sale closed 12/16/14
	Lot #13		37,050	32,000	6,787.75	Sale approved [Docket No. 829]. Sale closed 12/16/14
	Lot #14		35,150	31,635	6,525.25	Sale Approved [Docket No. 1075] Sale closed 3/1/16
	Lot #15		33,250	29,925	6,254.50	Sale Approved [Docket No. 1075] Sale closed 3/1/16
	Lot #17		30,400	24,000	21,752.44	Sale approved [Docket No. 829]. Sale closed 12/11/14
	Lot #18		30,400	27,360	23,562.06	Sale Approved [Docket No. 1075] Sale closed 3/1/16
	Lot #19		22,800	18,600	-1,200.46	Sale Approved [Docket No. 1068] Sale closed 1/25/16
	Lot #20		22,800	18,600	-1,526.81	Sale Approved [Docket No. 1068] Sale closed 1/25/16
	Lot #21		11,500	7,700	4,198.82	Sale approved [Docket No. 1256]. Sale closed 2/9/17
	Lot #22					Sale approved [Docket No. 1256]. Sale closed 2/9/17
	Lot #23		31,350	24,000	20,346.06	Sale approved [Docket No. 998]. Sale closed 9/4/15
	Lot #24		33,250	31,000	26,672.24	Sale approved [Docket No. 998]. Sale closed 9/4/15
	Lot #25		35,150	34,000	29,216.54	Sale approved [Docket No. 951]. Sale closed 5/21/15
	Lot #26		34,200	32,000	27,151.02	Sale approved [Docket No. 829]. Sale closed 12/17/14
26	Kanab Home	Kanab, UT	199,000	197,000	18,162.90	Sale approved [Docket No. 746]. Sale closed 9/4/14

27	Farrell Business Park-12 Units	Gilbert, AZ				
	Unit 103		76,631	101,631	83,997.05	Court approved sale at auction [Docket No. 202] Sale closed 5/31/13
	Unit 104		76,631	101,631	83,997.05	Court approved sale at auction [Docket No. 202] Sale closed 5/31/13
	Unit 105		80,000	92,000	70,392.98	Court approved sale at auction [Docket No. 203] Sale closed 5/21/13
	Unit 106		80,000	97,000	74,832.11	Court approved sale at auction [Docket No. 204] Sale closed 6/7/13
	Unit 107		80,000	90,000	67,699.81	Court approved sale at auction [Docket No. 205] Sale closed 6/7/13
	Unit 109		80,000	80,000	59,194.91	Court approved sale at auction [Docket No. 206] Sale closed 5/16/13
	Unit 110		80,000	80,000	59,194.91	Court approved sale at auction [Docket No. 206] Sale closed 5/16/13
	Unit 111		80,000	80,000	59,194.92	Court approved sale at auction [Docket No. 206] Sale closed 5/16/13
	Unit 113		80,000	107,000	85,094.45	Court approved sale at auction [Docket No. 207] Sale closed 6/3/13
	Unit 114		80,000	107,000	85,094.45	Court approved sale at auction [Docket No. 207] Sale closed 6/3/13
	Unit 115		80,000	80,000	59,288.00	Court approved sale at auction [Docket No. 208] Sale closed 6/11/13
	Unit 116		80,000	80,000	59,288.00	Court approved sale at auction [Docket No. 208] Sale closed 6/11/13
28	Clearview Business Park-8 Units	Mesa, AZ	415,954	737,000	591,295.43	Court approved sale at auction [Docket No. 177] Sale closed 5/10/13
29	Bear Grove Industrial Park-8 Lots	Byron, MN	1,675,200			Property is listed for sale with broker; property encumbered by bond
	Parcel #8516		281,500	210,000	10,000.00	Sale approved [Docket No. 853]. Sale closed 3/27/15
	Parcel #8509		156,700	149,000	98,795.03	Sale approved [Docket No. 849]. Sale closed 3/16/15
	Parcel #8512		305,000	235,000	6,500.00	Sale approved [Docket No. 854]. Sale closed 3/6/15
	Parcel #6060		340,000	235,000	10,000.00	Sale approved [Docket No. 875]. Sale closed 3/24/15
	Lot 3, Block 1 (Parcel #8510)		149,500	149,500	95,340.47	Sale approved [Docket No. 989] Sale closed 9/30/15
	Block 2, Lots 4-5		448,300	448,300	279,963.57	Sale at auction approved [Docket No. 1084] Sale closed 3/31/16
	Block 2, Lot 1		285,000	280,000	34,019.74	Sale approved [Docket No. 1118]. Sale closed June 15, 2016
						Sale approved [Docket No. 553] Sale closed 1/10/14
30	Georgia Single Family Residence	Temple, GA	135,000	125,000	106,843.83	
31	Chicago Single Family Residence	Chicago, IL	N.A.	N.A.	N.A.	No value; Court approved abandonment [Docket No. 434] Order 9/10/13
32	Cleveland Single Family Residence	Cleveland, OH	N.A.	N.A.	N.A.	No value; Court approved abandonment [Docket No. 434] Order 9/10/13
33	Cleveland Building Lot	Cleveland, OH	N.A.	N.A.	N.A.	No value; Court approved abandonment [Docket No. 434] Order 9/10/13
34	Toledo Single Family Residence	Toledo, OH	N.A.	N.A.	N.A.	No value; Court approved abandonment [Docket No. 434] Order 9/10/13
	<b>Total</b>		<b>11,502,116.00</b>	<b>10,645,743.92</b>	<b>7,490,349.62</b>	



# EXHIBIT B

Wayne Klein, Receiver for National Note of Utah  
PO Box 1836  
Salt Lake City, UT 84110  
801-824-9616

# STANDARDIZED FUND ACCOUNTING REPORT

Civil – Receivership Fund

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Fund Name: SEC v. National Note of Utah  
Civil Court Docket No. 2:12-CV-00591 BSJ

Reporting Period 01/01/2018 to 03/31/2018

Standardized Fund Accounting Report for National Note of Utah - Cash Basis				
Receivership; Civil Court Docket No. 2:12-CV-00591 BSJ				
Reporting Period 01/01/2018 to 03/31/2018				
Fund Accounting (See Instructions):				
		Detail	Subtotal	Grand Total
Line 1	Beginning Balance (As of 01/01/2018):	\$2,520,998.04		
	<i>Increases in Fund Balance:</i>			
Line 2	Business Income	\$0.00		
Line 3	Cash and Securities	\$0.00		
Line 4	Interest/Dividend Income	\$333.36		
Line 5	Business Asset Liquidation	\$32,178.62		
Line 6	Personal Asset Liquidation	\$0.00		
Line 7	Third-Party Litigation Income	\$30,466.00		
Line 8	Miscellaneous - Other	\$0.00		
	Total Funds Available (Lines 1 - 8)		\$2,583,976.02	
	<i>Decreases in Fund Balance:</i>			
Line 9	Disbursements to Investors	\$0.00		
Line 10	Disbursements for Receivership Operations			
Line 10a	Disbursements to Receiver or Other Professionals	\$9,895.00		
Line 10b	Business Asset Expenses	\$116,867.48		
Line 10c	Personal Asset Expenses	\$0.00		
Line 10d	Investment Expenses	\$0.00		
Line 10e	Third-Party Litigation Expenses			
	1. Attorney Fees	\$13,237.50		
	2. Litigation Expenses	\$0.00		
	Total Third-Party Litigation Expenses	\$13,237.50		
Line 10f	Tax Administrator Fees and Bonds	\$0.00		
Line 10g	Federal and State Tax Payments	\$0.00		
	Total Disbursements for Receivership Operations	\$139,999.98		
Line 11	Disbursements for Distribution Expenses Paid by the Fund:			
Line 11a	Distribution Plan Development Expenses:			
	1. Fees:	\$0.00		
	Fund Administrator			
	Independent Distribution Consultant (IDC)			
	Distribution Agent			
	Consultants			
	Legal Advisers			
	Tax Advisers			
	2. Administrative Expenses	\$0.00		
	3. Miscellaneous	\$0.00		
	Total Plan Development Expenses	\$0.00		

<b>Line 11b</b>	<b>Distribution Plan Implementation Expenses:</b>			
	1. Fees:	\$0.00		
	Fund Administrator			
	IDC			
	Distribution Agent			
	Consultants			
	Legal Advisers			
	Tax Advisers			
	2. Administrative Expenses	\$0.00		
	3. Investor Identification:	\$0.00		
	Notice/Publishing Approved Plan			
	Claimant Identification			
	Claims Processing			
	Web Site Maintenance/Call Center			
	4. Fund Administrator Bond	\$0.00		
	5. Miscellaneous	\$0.00		
	6. Federal Account for Investor Restitution	\$0.00		
	(FAIR) Reporting Expenses	\$0.00		
	Total Plan Implementation Expenses	\$0.00		
	Total Disbursements for Distribution Expenses Paid by the Fund	\$0.00		
<b>Line 12</b>	<b>Disbursements to Court/Other:</b>			
	Investment Expenses/Court Registry Investment System			
<b>Line 12a</b>	<b>(CRIS) Fees</b>	\$0.00		
<b>Line 12b</b>	<b>Federal Tax Payments</b>	\$0.00		
	Total Disbursements to Court/Other	\$0.00		
	Total Funds Disbursed (Lines 9 - 12):		\$139,999.98	
<b>Line 13</b>	<b>Ending Balance (As of 03/31/2018):</b>			\$2,443,976.04
<b>Line 14</b>	<b>Ending Balance of Fund - Net Assets:</b>			
<b>Line 14a</b>	<b>Cash &amp; Cash Equivalents</b>	\$2,443,976.04		
<b>Line 14b</b>	<b>Investments</b>	\$0.00		
<b>Line 14c</b>	<b>Other Assets or Uncleared Funds</b>	\$0.00		
	Total Ending Balance of Fund - Net Assets			\$2,443,976.04
<b>Other Supplemental Information:</b>				
		<b>Detail</b>	<b>Subtotal</b>	<b>Grand Total</b>
	<b>Report of Items NOT To Be Paid by the Fund:</b>			
<b>Line 15</b>	<b>Disbursements for Plan Administration Expenses Not Paid by the Fund:</b>			
<b>Line 15a</b>	<b>Plan Development Expenses Not Paid by the Fund:</b>			
	1. Fees:	\$0.00		
	Fund Administrator			
	IDC			
	Distribution Agent			

	Consultants			
	Legal Advisers			
	Tax Advisers			
	2. Administrative Expenses	\$0.00		
	3. Miscellaneous	\$0.00		
	<i>Total Plan Development Expenses Not Paid by the Fund</i>	\$0.00		
<b>Line 15b</b>	<i>Plan Implementation Expenses Not Paid by the Fund:</i>			
	1. Fees:	\$0.00		
	Fund Administrator			
	IDC			
	Distribution Agent			
	Consultants			
	Legal Advisers			
	Tax Advisers			
	2. Administrative Expenses	\$0.00		
	3. Investor Identification:	\$0.00		
	Notice/Publishing Approved Plan			
	Claimant Identification			
	Claims Processing			
	Web Site Maintenance/Call Center			
	4. Fund Administrator Bond	\$0.00		
	5. Miscellaneous	\$0.00		
	6. FAIR Reporting Expenses	\$0.00		
	<i>Total Plan Implementation Expenses Not Paid by the Fund</i>	\$0.00		
<b>Line 15c</b>	<i>Tax Administrator Fees and Bonds Not Paid by the Fund</i>	\$0.00		
	<i>Total Distributions for Plan Administration Expenses Not Paid by the Fund</i>	\$0.00		
<b>Line 16</b>	<i>Disbursements to Court/Other Not Paid by the Fund:</i>			
	<i>Investment Expenses/Court Registry Investment System</i>			
<b>Line 16a</b>	<i>(CRIS) Fees</i>	\$0.00		
<b>Line 16b</b>	<i>Federal Tax Payments</i>	\$0.00		
	<i>Total Disbursements to Court/Other Paid by the Fund:</i>	\$0.00		
<b>Line 17</b>	<i>DC &amp; State Tax Payments</i>	\$0.00		
<b>Line 18</b>	<i>No. of Claims:</i>			
<b>Line 18a</b>	<i># of Claims Received This Reporting Period</i>	0		
<b>Line 18b</b>	<i># of Claims Received Since Inception of Fund</i>	468		
<b>Line 19</b>	<i>No. of Claimants/Investors:</i>			
<b>Line 19a</b>	<i># of Claimants/Investors Paid This Reporting Period</i>	0		
<b>Line 19b</b>	<i># of Claimants/Investors Paid Since Inception of Fund</i>	429		



	Receiver: <i>National Note of Utah, LC</i>
	By: <i>Wayne Klein</i>
	(signature)
	<i>Wayne Klein</i>
	(printed name)
	<i>Receiver</i>
	(title)
	Date: <i>April 13, 2018</i>

NNU SFAR - 1st Quarter 2018							
Line Breakdown							
	Line 2	Line 4	Line 5	Line 6	Line 7	Line 8	Total
Rent Received	\$0.00						
Overpaid Investors					\$30,466.00		
National Note			\$10,000.00	\$0.00	\$0.00		
Real Estate Holding			\$22,178.62				
Royalties Received						\$0.00	
Interest		\$333.36					
Refunds						\$0.00	
Witness Fees						\$0.00	
Advances by Receiver							
	\$0.00	\$333.36	\$32,178.62	\$0.00	\$30,466.00	\$0.00	\$62,977.98
	Line 10a	Line 10b	Line 10f	Line 10e-1	Line 10e-2	Line 11b-3	Total
Receivership Expenses	\$9,895.00	\$116,867.48	\$0.00	\$13,237.50	\$0.00	\$0.00	
Refund Deposit from Prior Period		\$0.00					
Adjustment - NNU Account		\$0.00					
	\$9,895.00	\$116,867.48	\$0.00	\$13,237.50	\$0.00	\$0.00	\$139,999.98
	Line 14a						
National Note	\$132,309.93						
Savings	\$122,986.51						
High-Yield Operating	\$859,647.39						
Real Estate Holding	\$69,492.40						
High-Yield Real Estate	\$1,259,539.81						
	\$2,443,976.04						
Created by James Shupe on 4/12/2018							